

## Message Text

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PAGE 01 MONTRE 01501 290256Z  
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 /021 W  
-----012144 292305Z /70

R 281920Z JUL 78  
FM AMCONSUL MONTREAL  
TO SECSTATE WASHDC 857  
INFO USDOC WASHDC  
AMCONSUL VANCOUVER  
AMEMBASSY OTTAWA

UNCLAS MONTREAL 1501

E.O. 11652: N/  
TAGS: CA, EINO, ETEL  
SUBJECT: NEWLY FORMED CORPORATION TO CHALLENGE IBM

1. IN A MOVE HAILED BY THE PRESS AS A DIRECT CHALLENGE TO IBM'S DOMINANCE OF THE WORD PROCESSING EQUIPMENT FIELD, THE CANADA DEVELOPMENT CORPORATION (CDC), A GOVERNMENT CONTROLLED CORPORATION BASED IN VANCOUVER, ANNOUNCED IT WILL SPEND DOLS 60 MILLION TO BUY CONTROL OF AES DATA LTD. OF MONTREAL (SEE 77 MONTREAL 1454 FOR LASTERS WTDR) AND WORDPLEX CORP. OF EESTLAKE VILLAGE, CAL., TO FORM A SINGLE FIRM WHOSE SALES WILL TOP DOLS 100 MILLION IN 1979, ACCORDING TO CDC. BOTH FIRMS ARE WELL KNOWN PRODUCERS OF VISUAL DISPLAY TEXT EDITORS, WHICH MANY FEEL WILL EVENTUALLY REPLACE TYPEWRITERS IN OFFICES OF THE FUTURE.
2. SALES OF BOTH COMPANIES TOTALLED DOLS 30 MILLION IN 1977. PROJECTIONS CALL FOR SALES OF DOLS 70 MILLION IN 1978 AND WELL OVER DOLS 100 MILLION IN 1979 WHICH WILL MAKE THE NEW COMPANY SECOND TO IBM WORLDWIDE. AT PRESENT THE COMBINED STAFF NUMBERS 1,400 BUT IS FORECAST TO RISE TO 3,000 BY 1980.
3. AES DATA LTD. HAS ENJOYED A PHENOMENAL GROWTH. IT STARTED WITH 12 EMPLOYEES IN 1974 AND NOW EMPLOYS 1,200 WORLDWIDE,

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PAGE 02 MONTRE 01501 290256Z

- THE MAJORITY BASED AT ITS HEAD OFFICE AND THREE MAIN PLANTS IN MONTREAL. AN ADDITIONAL PLANT IS PLANNED FOR THE NEAR FUTURE. THE SMALLER WORDPLEX, WITH 200 EMPLOYEES, REPORTEDLY HAS ENJOYED A SIMILAR GROWTH RATE SINCE ITS FOUNDING FOUR YEARS AGO.
4. CDC WILL HOLD 54 PERCENT OF THE MERGED COMPANY FOLLOWING THE

PURCHASE OF ALL AES SHARES NOW HELD BY INNOCAN INVESTMENTS LTD.  
OF TORONTO AND CDC'S PURCHASE OF VENTEK INTERNATIONAL INC., THE  
PARENT COMPANY OF WORDPLEX CORP. THE TOTAL PURCHASE PRICE FOR  
BOTH COMPANIES WAS REPORTED AS DOLS 35 MILLION PLUS ADDITIONAL  
PAYMENTS OF UP TO DOLS 25 MILLION IF CERTAIN PROFIT TARGETS ARE MENT.  
HARPER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ESTABLISHMENT OF OFFICES, BUSINESS FIRMS  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**TAGS:** EIND, ETEL, CA, IBM, CANADA DEVELOPMENT CORPORATION  
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